



California Public Utilities Commission

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News Release

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PUC CONTINUES EFFORTS TO ENSURE UTILITIES HAVE ADEQUATE RESOURCES TO MEET STATE'S GROWING DEMAND

SAN FRANCISCO, Oct. 27, 2005 – The California Public Utilities Commission (PUC) today adopted a resource adequacy program for utilities to promote investment in the resources needed to reliably serve California's growing demand for electricity and ensure that those resources are available when needed.

Utilities (including investor-owned, electric service providers, and community choice aggregators) are required to demonstrate to the Commission that they have acquired the electricity capacity needed to serve their forecasted customer demand plus a 15-17 percent reserve margin beginning in June 2006.

In order to ensure the utilities have enough power to meet demand plus a reserve, spur infrastructure development, and assure that electricity capacity is available to the California Independent System Operator for dispatch, the Commission adopted a program that rejects business as usual and instead favors more robust utility procurement practices. Key aspects of the resource adequacy program include:

- Requires utilities to acquire electricity capacity to meet their peak day load for each month, measured in megawatts, plus 15 percent, for all hours of the month;
- Requires utilities to submit to the Commission documented hourly load forecasts for all 12 months of the year as part of the year-ahead preliminary load forecasts they submit each spring and to make year-ahead and month-ahead compliance filings;
- Requires that electricity contracts that count for resource adequacy purposes identify the specific resources that provide that capacity - resources should only count to the extent that their electricity capacity can be relied upon to perform;
- Affirms the need for localized electricity capacity requirements but defers implementation until it can be fully considered;

- Sets a penalty equal to three times the monthly cost for new capacity as a sanction for a utility's failure to acquire the electricity capacity needed to meet its resource adequacy obligation; for 2006 only, a penalty of one-half that amount is set.

Further consideration of resource adequacy issues before the Commission will take place in a new proceeding.

For more information on the PUC, please visit www.cpuc.ca.gov.

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